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In re Patent No. 6,221,836  
Issued: April 24, 2001  
Application No. 09/213,968  
Filed: December 17, 1998  
Attorney Docket No. 1207-003D

**OFFICE OF PETITIONS  
ON PETITION**

This is in response to the "Response to Request for Information" filed November 25, 2009, and the petition under 37 CFR 1.378(b) filed August 28, 2009.

The petition is **dismissed**.

The patent issued April 24, 2001. The 3.5 year maintenance fee could have been paid from April 24, 2004, through October 24, 2004, or with a surcharge, as authorized by 37 CFR 1.20(h), during the period from October 25, 2004, through April 24, 2005. The 3.5 year maintenance fee was not paid; the patent expired at midnight on April 24, 2005.

A petition under 37 CFR 1.378(b) was filed August 28, 2009. In response thereto, a Request for Information was mailed on September 25, 2009. A Response to the Request for Information was filed on November 25, 2009.

A grantable petition under 37 CFR 1.378(b) must be accompanied by a showing to the satisfaction of the Commissioner that the entire delay in paying the required maintenance fee from the due date for the fee until the filing of a grantable petition pursuant to this paragraph was unavoidable. The showing of record is not sufficient to establish to the satisfaction of the Commissioner that the delay was unavoidable within the meaning of 37 CFR 1.378(b).

**Petitioner must establish that petitioner treated the patent the same as a reasonable and prudent person would treat his or her most important business.**

The general standard applied by the Office requires petitioner to establish that petitioner treated the patent the same as a reasonable and prudent person would treat his or her most important business.<sup>1</sup>

<sup>1</sup>The Commissioner is responsible for determining the standard for unavoidable delay and for applying that standard. 35 U.S.C. 41(c)(1) states, "The Commissioner may accept the payment of any maintenance fee . . . at any time . . . if the delay is shown *to the satisfaction of the Commissioner* to have been unavoidable." (emphasis added).

"In the specialized field of patent law, . . . the Commissioner of Patent and Trademarks is primarily responsible for the application and enforcement of the various narrow and technical statutory and regulatory provisions. His interpretation of those provisions is entitled to considerable deference." Rydeen v. Quigg, 748 F. Supp. 900, 904, 16 U.S.P.Q.2d (BNA) 1876 (D.D.C. 1990), aff'd without opinion Rule 36), 937 F.2d 623 (Fed Cir. 1991) (citing Morganroth v. Quigg, 885 F.2d 843, 848, 12 U.S.P.Q.2d agencies' interpretation of a statute it administers is entitled to deference"); see also Chevron U.S.A. Inc. v. Natural Resources Defense Council, Inc., 467 U.S. 837, 844, 81 L. Ed. 694, 104 S. Ct. 2778 (1984) ("if the statute is silent or

However, “[t]he question of whether an applicant’s delay in prosecuting an application was unavoidable [will] be decided on a case-by-case basis, taking all of the facts and circumstances into account.”<sup>2</sup> Nonawareness of the content of, or misunderstanding of PTO statutes, PTO rules, the MPEP, or the Official Gazette notices does not constitute unavoidable delay.<sup>3</sup> The statute requires a “showing” by petitioner, therefore; petitioner has the burden of proof. The decision will be based solely on the written, administrative record in existence. It is not enough that the delay was unavoidable; petitioner must prove that the delay was unavoidable. A petition will not be granted if petitioner provides insufficient evidence to “show” that the delay was unavoidable.

Petitioner is responsible for possessing knowledge of the need to pay maintenance fees and the due dates for such fees, Petitioner is responsible for instituting a reliable docketing system to remind him or her when maintenance fees become due.

Petitioner is responsible for having knowledge of the need to pay maintenance fees and knowing when the fees are due.<sup>4</sup> The Office has no duty to notify a patentee of the requirement to pay maintenance fees or to notify patentee when a maintenance fee is due.<sup>5</sup> Even if the Office were required to provide notice to applicant of the existence of maintenance fee requirements, such notice is provided by the patent itself.<sup>6</sup>

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ambiguous with respect to the specific issue, the question for the court is whether the agency’s answer is based on a permissible construction of the statute.”))

“The critical phrase ‘unless it be shown to the satisfaction of the Commissioner that such delay was unavoidable’ has remained unchanged since first enacted in 1861.” Smith v. Mossinghoff, 671 F.2d 533, 538, 213 U.S.P.Q. (BNA) 977 (D.C. Cir. 1982). The standard for “unavoidable” delay for reinstating a patent is the same as the unavoidable standard for reviving an application. See Ray v. Lehman, 55 F. 3d 606, 608-609, 34 U.S.P.Q.2d (BNA) 1786, 1781 (Fed Cir. 1995) (Citing In re patent No. 4,409,763, 7 U.S.P.Q.2d BNA) 1798, 1800 (Comm’r Pat. 1990; Smith v. Mossinghoff, 671 F. 2d 533, 538, 213 U.S.P. Q. (BNA) 977 (D.C. Cir. 1982). The court in In re Mattullath, accepted the standard which had been proposed by Commissioner Hall which “requires no more or greater care or diligence than is generally used and observed by prudent and careful men in relation to their most important business.” In re Mattullath, 38 App. D.C. 497, 514-515 (1912) (quoting Ex parte Pratt, 1887 Dec. Comm’r Pat 31, 32-33 (1887)).

<sup>2</sup>Smith v. Mossinghoff, 671 F.2d 533, 538, 213 U.S.P.Q. (BNA) 977 (1982).

<sup>3</sup>See Smith v. Mossinghoff, 671 F. 2d 533, 538, 213 U.S.P.Q. (BNA) 977 (Fed. Cir. 1982) (citing Potter v. Dann, 201 U.S.P.Q. (BNA) 574 (D.D.C. 1978) for the proposition that counsel’s nonawareness of PTO rules does not constitute “unavoidable” delay)); Vincent v. Mossinghoff, 1985 U.S. Dist. LEXIS 23119, 13, 230 U.S.P.Q. (BNA) 621 (D.D.C. 1985) (plaintiffs, through their counsel’s action, or their own, must be held responsible for having noted the MPEP section and Official Gazette notices expressly stating that the certified mailing procedures outlined in 37 CFR 1.8(a) do not apply to continuation applications.) (Emphasis added).

<sup>4</sup>Nonawareness of PTO statutes, PTO rules, the MPEP, or Official Gazette notices, which state maintenance fee amounts and dates they are due does not constitute unavoidable delay. See Smith v. Mossinghoff, 671 F.2d 533, 538, 213 U.S.P.Q. (BNA) 977 (Fed. Cir. 1982) (citing Potter v. Dann, 201 U.S.P.Q. (BNA) 574 (D.D.C. 1978) for the proposition that counsel’s nonawareness of PTO rules does not constitute “unavoidable” delay)); Vincent v. Mossinghoff, 1985 U.S. Dist. LEXIS 23119, 13, 230 U.S.P.Q. (BNA) 621 (D.D.C. 1985) (Plaintiffs, through their counsel’s actions, or their own must be held responsible for having noted the MPEP section and Official Gazette notices expressly stating that the certified mailing procedures outlined in 37 CFR 1.8(a) do not apply to continuation applications.) (Emphasis added).

Petitioner must act as a reasonable and prudent person in relation to his most important business. Upon obtaining the patent, a reasonable and prudent person, in relation to his most important business, would become familiar with the legal requirements of that business, in this case, the requirement to pay maintenance fees. In addition, a reasonable and prudent individual would read the patent itself and thereby become aware of the need to pay maintenance fees and the fact that such fee amounts are sometimes changed by law or regulation.

<sup>5</sup>Congress expressly conditioned §§ 133 and 151 [of the United States Code] on a specific type of notice, while no such notice requirements are written into § 41(c) . . . [T]he Commissioner’s no timely-notice interpretation.” Ray v. Comer, 1994 U.S. Dist.

A reasonable and prudent person, aware of the existence of maintenance fees, would not rely on maintenance fee reminders or on memory to remind him or her when payments would fall due several years in the future. Instead, such an individual would implement a reliable and trustworthy tracking system to keep track of the relevant dates.<sup>7</sup> The individual would also take steps to ensure that the patent information was correctly entered into the tracking system.

#### **Application of the unavoidable standard to the present facts**

By the instant petition and Response to Request for Information, petitioner maintains that the above-cited patent should be reinstated because the delay in paying the 3.5 year maintenance fee and 7.5-year maintenance fee was unavoidable because of the gross negligence and deception of the registered agent charged with paying the maintenance fees. It is noted that the registered agent, Mr. Don Nickey, was a co-inventor named in the above-cited application and is deceased.

At the outset, it is important to note that the fact that petitioner is alleging that Mr. Nickey's gross negligence and deception is the cause of the unavoidable delay in paying the maintenance fees does not relieve petitioner of the burden of establishing that petitioner treated the maintenance of the patent as its most important business. Given the facts at hand, one of the specific questions to be asked is whether, in treating the patent as their most important business, patentees acted reasonably and prudently in their continued reliance on Mr. Nickey to pay the maintenance fees or acted reasonably and prudently in never checking the status of the patent. More specifically, patentees' reliance upon an attorney does not provide

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LEXIS 21478, 8-9 (1994), *aff'd on other grounds* Ray v. Lehman, 55 F.3d 606, 34 USPQ2d 1786 (Fed. Cir. 1995) (Citing Rydeen v. Quigg, 748 F. Supp. 900, 905 (1990), Chevron U.S.A. Inc. v. Natural Resources Defense Council, Inc., 467 U.S. 837, 81 L. ed. 2d 694, 104 S. Ct. 2778 (1984)). "The Court concludes as it did in Rydeen, that as a constitutional matter, 'plaintiff was not entitled to any notice beyond publication of the statute.'" *Id.* at 3 (citing Rydeen v. Quigg, 748 F. Supp. at 906, Texaco v. Short, 454 U.S. 516, 536, 70 L. Ed. 2d 738, 102 S. Ct. 781 (1982)).

The Patent Office, as a courtesy tries to send maintenance fee reminders and notices of patent expiration to the address of record. However, the failure to receive the reminder notice, and the lack of knowledge of the requirement to pay the maintenance fee, will not shift the burden of monitoring the time for paying a maintenance fee from the patentee to the Office. See MPEP 2575, 2540, 2590. Petitioner does not have a right to a personalized notice that this patent will expire if a certain maintenance fee is not paid, as the publication of the statute was sufficient notice. See Rydeen v. Quigg, 748 F. Supp. 900, 907 (1990). the ultimate responsibility for keeping track of maintenance fee states lies with the patentee, not the USPTO. Since the mailing of Notices by the Office is completely discretionary and not a requirement imposed by Congress, accepting an argument that failure to receive a Notice is unavoidable delay would result in all delays being unavoidable should the Office discontinue the policy. All petitions could allege non-receipt of the reminder, and therefore all petitions could be granted. This was clearly not the intent of Congress in the creation of the unavoidable standard.

<sup>6</sup>See Ray v. Lehman, 55 F.3d 606, 610; 34 USPQ2d 1786, 1789 (Fed. Cir. 1995). The Letters of Patent contain a Maintenance Fee Notice that warns that the patent may be subject to maintenance fees if the application was filed on or after December 12, 1980. While it is unclear as to who was and is in actual possession of the patent, petitioner's failure to read the Notice does not vitiate the Notice, nor does the delay resulting from such failure to read the Notice establish unavoidable delay.

<sup>7</sup> 37 CFR 1.378(b)(3) precludes acceptance of a late maintenance fee for a patent unless a petitioner can demonstrate that steps were in place to monitor the maintenance fee. The federal Circuit has specifically upheld the validity of this regulation. Ray v. Lehman, 55 F.3d 606, 609; 34 USPQ2d (BNA) 1786 (Fed.Cir. 1995). In Ray v. Lehman, petitioner claimed that he had not known of the existence of the maintenance fees and therefore had no steps in place to pay such fees. The petitioner therefore argues that the PTO's regulation, 37 CFR 1.37(b)(3), *supra*, arguing that it 'creates a burden that goes well beyond what is reasonably prudent.' We disagree. The PTO's regulation merely sets forth how one is to prove that he was reasonably prudent, i.e., by showing what steps he took to ensure that the maintenance fee would be timely paid, and the steps taken in seeking to reinstate the patent. We do not see these requirements additional to proving unavoidable delay, but as the very elements of unavoidable delay." *Id.*

patentees with an absolute defense, but rather shifts the focus to whether the attorney acted reasonably and prudently.

The "Request for Information" mailed September 25, 2009, required petitioner to show that Mr. Nickey, or his associates, had steps in place for ensuring that the maintenance fee would be timely paid. The response of November 25, 2009, does not make this showing. A positive finding in this respect is necessary to a successful petition under 37 CFR 1.378(b) because, where the record fails to disclose that the agent took reasonable steps, or took no steps, to ensure timely payment of the maintenance fee, 35 U.S.C. 41(c) and 37 CFR 1.378(b)(3) precludes acceptance of the delayed payment of the maintenance fee under 37 CFR 1.378(b). This finding is also material to the disposition of this petition because if Mr. Nickey had no steps in place for ensuring that the maintenance fees would be paid, then patentees' reliance on Mr. Nickey may not be considered reasonable or prudent nor would the patentee be deemed to have treated the maintenance of the patent as its most important business. Obviously, because Mr. Nickey is deceased, petitioner is unable to determine exactly what steps Mr. Nickey had in place to ensure the maintenance of the patent. Notwithstanding, the facts, as set forth by petitioner, seem to suggest that there were no specific steps in place to ensure maintenance of the patent. Rather, the facts seem to demonstrate that the arrangement between Mr. Nickey and petitioner was largely informal. This conclusion is based on the fact that: 1) Mr. Nickey agreed to be chiefly responsible for maintaining the patent--in the absence of a formal written agreement--to further his own interest as a co-inventor and as a favor to petitioner given Mr. Nickey's reputed patent process expertise, and 2) Mr. Nickey agreed to track and pay the maintenance fees in his spare time even after he left the employ of the law firm that prosecuted the patent application and became in-house counsel for a corporation. While there is, on its face, no problem with an informal arrangement to track and pay maintenance fees, petitioner is at a severe disadvantage when circumstances such as those set forth in the petition arise and petitioner must establish that entire delay in paying the maintenance fee was unavoidable and petitioner treated the maintenance of the patent as its most important business.

It is noted that the arrangement between petitioner and Mr. Nickey, relative to the maintenance of the patent, was arguably informal and casual with petitioner seemingly relying on verbal assurances from Mr. Nickey and the substance of the friendship between petitioner and Mr. Nickey as a verification of the continued maintenance of the patent. It is further noted that petitioner relied on Mr. Nickey's assurances without being aware of any exact dates on which Mr. Nickey would forward the maintenance fee to the USPTO or confirming that, in fact, the maintenance fee was paid. Arguably, if the maintenance of this patent was being treated as patentees most important business, rather than simply relying on the friendship between patentee Beale and Mr. Nickey and the reputation of Mr. Nickey, patentee Beale and/or patentee Williamson may have established an express agreement by which the arrangement between Mr. Nickey and patentees would be governed setting forth the process of tracking the maintenance fees, for remitting funds for payment of the maintenance fees, and confirmation that the maintenance fees were paid. In fact, the failure of Mr. Nickey to abide by such an agreement may have lent further credence to petitioner's argument that Mr. Nickey was grossly negligent in maintaining the patent and that his alleged gross negligence was the sole reason for the delay in paying the maintenance fees. Rather, the informal nature of the arrangement between petitioner and Mr. Nickey that persisted at least from 2005, until Mr. Nickey's demise undermines the assertion that petitioner treated the maintenance of the patent as its most important business and that Mr. Nickey's negligence was the sole reason for the entire delay in paying the maintenance fees.

The assertion that patentees treated the maintenance of the patent as their most important business is further undermined by the fact that patentees did not ascertain the status of the patent until 2008—more than three years after the patent expired—and only became aware of the expiration of the patent because efforts to license the patent had begun. The patentee is entitled to make inquiries into the status of its patent at any point with, or without, the assistance of a patent agent. Arguably, the exercise of diligence

and prudence relative to the maintenance of the patent would require that the patentee routinely check into the status of the patent. In so doing, the patentee may have discovered that the failings of Mr. Nickey and the fact that the patent was expired much sooner or may have been able to prevent the patent from expiring at all.

It is noted that a successful petition under 37 CFR 1.378(b) requires that petitioner establish that the entire period of delay—from the due date for the maintenance fee to the filing of a grantable petition under 37 CFR 1.378(b)—was unavoidable. Even assuming the gross negligence of Mr. Nickey was one reason for the delay in paying the maintenance fee, petitioner has not satisfactorily demonstrated that it persisted as the sole reason for the alleged unavoidable delay in paying the maintenance fees for the entire relevant period from April 25, 2005, until 2009.

It is noted that the courts hesitate to punish a client for its lawyer's gross negligence, especially when the lawyer affirmatively misled the client, but "...if the client freely chooses counsel, it should be bound by counsel's actions<sup>8</sup>. The record indicates that petitioner freely chose to rely on Mr. Nickey, entrusting Mr. Nickey with his most important business even in the absence of any formal agreement, or understanding of Mr. Nickey's procedures for ensuring the maintenance of the patent, or any efforts to check in on the status of the patent himself. Petitioner's reliance on Mr. Nickey was clearly misplaced and unfortunate, but petitioner has not established that Mr. Nickey's alleged betrayal of petitioner's trust is the sole reason for the entire period of the alleged unavoidable delay in paying the maintenance fees nor has petitioner established that petitioner acted reasonably and prudently in relying on the verbal assurances of Mr. Nickey without further investigation. Neither has petitioner established that petitioner treated the maintenance of the patent as its most important business during the entire relevant period.

### **Petitioner's Current Options**

#### **I. Petitioner may file a request for reconsideration.**

If reconsideration of this decision is desired, a petition for reconsideration must be filed within TWO (2) MONTHS from the mail date of this decision.<sup>9</sup> The petition for reconsideration should be titled "Petition for Reconsideration under 37 CFR 1.378(e)." Any petition for reconsideration for this decision must be accompanied by a non-refundable petition fee of \$400.00 as set forth in 37 CFR 1.17(h).

*After a decision on the petition for reconsideration, no further reconsideration or review of the matter will be undertaken by the Commissioner.* It is, therefore, extremely important that petitioner supply any and all relevant information and documentation with the request for reconsideration. The Commissioner's decision will be based solely on the administrative record in existence. Petitioner should remember that is not enough that the delay was unavoidable; petitioner must prove that the delay was unavoidable. A petition will not be granted if petitioner provides insufficient evidence "to show" that the

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<sup>8</sup> *Inryco, Inc. v. Metropolitan Engineering Co., Inc.*, 708 F.2d 1225, 1233 (7<sup>th</sup> Cir. 1983). See also, *Wei v. State of Hawaii*, 763 F.2d 370, 372 (9<sup>th</sup> Cir. 1985); *LeBlanc v. I.N.S.*, 715 F.2d 685, 694 (1<sup>st</sup> Cir. 1983).

A reasonable and prudent person would not rely on maintenance fee reminders from the Office for two reasons. First, the Office has indicated that such reminders are a mere courtesy and has reserved the right to discontinue such reminders at any time. second, such reminders may be lost in the mail. A reasonable and prudent person, in regard to his most important business would not rely solely on reminders that the Office may or may not send which may or may not be lost in the mail.

<sup>9</sup> No extension of this two-month time limit can be granted under 37 CFR 1.136(a) or (b). This is not a final agency action within the meaning of 5 U.S.C. § 704.

delay was unavoidable. If a request for reconsideration is filed, it must establish that the entire delay in the submission of the maintenance fee was unavoidable.

II. Petitioner may request a refund of the maintenance fee(s) and surcharge which accompanied the petition.

Petitioner may request a refund of the maintenance fee and surcharge by writing to the Office of Finance, Refund Section, Commissioner for Patents, Washington, DC 20231. A copy of this decision should accompany petitioner's request.

Further correspondence with respect to this matter should be addressed as follows:

By mail: Commissioner for Patent  
Mail Stop Petitions  
Box 1460  
Alexandria, VA 22313-1460

By facsimile: (571) 273-8300  
Attn: Office of Petitions

Telephone inquiries concerning this decision should be directed to the undersigned at (571) 272-3222.



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